



PSC NEWS

Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 900

FY-03-123

NATURAL GAS RATES TO CHANGE FOR MISSOURI GAS ENERGY CUSTOMERS UNDER SCHEDULED SUMMER NATURAL GAS FILING

Jefferson City (March 27, 2003)----To primarily reflect estimated changes in the cost of natural gas for the summer season, Missouri Gas Energy natural gas customers will experience an increase in natural gas rates under a scheduled summer season filing reviewed and accepted by the Missouri Public Service Commission. This rate change, which will take effect on March 31, 2003, is interim subject to refund.

There are a number of key factors in the natural gas industry causing rates to go up. Some of these factors include: recent high crude oil prices, significantly lower natural gas storage levels and colder than normal weather the end of February into the first part of March. Natural gas storage inventories are problematic due to a rapid storage draw down at the end of the heating season. Current inventories are more than 50 percent below the 5-year average for natural gas storage. In addition, the Energy Information Administration says natural gas production for the first 10 months of 2002 was 2.6 percent below 2001 levels.

A residential customer currently pays \$0.54404 per Ccf (per 100 cubic feet of gas). Under the summer filing, the rate will increase to \$0.72039 per Ccf (per 100 cubic feet of gas), an increase of approximately 18 cents per Ccf. **The effect on a typical residential heating customer for the summer season (April through October) is an increase of approximately \$56 when compared to rates currently in effect.**

Approximately 60% to 70% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. The wholesale cost of natural gas (the cost your local natural gas company must pay to its suppliers for natural gas) is not regulated by the Missouri Public Service Commission. The wellhead cost of natural gas is unregulated and is primarily driven by supply and demand. The Missouri Public Service Commission does have regulatory review to ensure that regulated gas companies make prudent decisions in securing natural gas supplies for their customers.

Missouri Gas Energy serves approximately 499,800 natural gas customers in western Missouri.